



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
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DAVID E. JANSSEN
Chief Administrative Officer

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June 17, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 66128
DEPARTMENT OF MENTAL HEALTH
3751 STOCKER STREET, LOS ANGELES
(SECOND) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment No. 1 to Lease No. 66128 exercising the five-year option with Stocker Plaza Associates (Lessor) for the Department of Mental Health (DMH), located at 3751 Stocker Street, Los Angeles, at the initial annual rental rate of \$358,848. Rental costs are completely funded by State and Federal sources.
2. Find that this amendment is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO), and DMH to implement the project. The lease amendment will be effective upon approval by your Board.

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will exercise the option extending the lease term and enable the West Central Family Mental Health Center to continue to provide services to the community from their current location for an additional five years at a rental rate which is more favorable than other alternatives available in the marketplace. The Center has provided an array of treatment and rehabilitation services to residents of the West Central Mental Health/Southwest Health District. The services provided at the Center are primarily targeted to adults and transitional aged youths in crisis and the severely mentally ill. A broad range of mental health professionals/specialists are housed at the facility and provide services, which include: Mental Health Services, Medication Support, Crisis Intervention, Case Management, Vocational Rehabilitation, and Adult Targeted Case Management.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case, the proposed amendment will enable the Center to continue to provide services to the residents, at the same location, in a fiscally responsible manner, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The initial annual cost of the lease will be \$358,848 which is 100 percent offset by Federal and State subvention. The following chart delineates the deal points negotiated, including a small base rental rate reduction.

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Mental Health-Los Angeles 3751 Stocker Street	Existing Lease	Proposed Lease Amendment No. 1	Change
Area (square feet)	19,936	19,936	None
Term	Lease expired 2/15/03 month-to-month holdover effective 2/16/03	5 years Commencement upon Board approval	+5 years
Annual Base Rent	\$363,072 (\$18.21 psf)	\$358,848 (\$18.00 psf)	-\$.21 psf
Additional Annual Rent Costs	\$ 72,137 (tenant improvement costs)	None	No TI costs
Total Annual Rent	\$435,209 (includes \$72,137 for TI's amortized over ten year lease term)	\$358,848	*-\$76,361
Parking Included in Rent	53	53	None
Cancellation	None	**Lease cancelable by County between the 13 th & 18 th months on 90 days notice in the event building does not pass DPW seismic review.	Included cancellation provision
Option to Renew	One 5-year option	One 5-year option	None
Rental Adjustment	Annual CPI, capped at 5%	Annual CPI, capped at 4%	-1% (lower CPI cap)

* Annual rent decrease due to payoff of tenant improvement costs and negotiated lower rental rate.

** In the event the building is not seismically retrofitted, the County will utilize the time to identify a replacement facility for occupancy.

Sufficient funding for the proposed lease amendment is included in the 2002-03 and 2003-04 proposed Rent Expense Budget and will be charged back to the DMH operating budget. Sufficient appropriation has also been included in the 2002-03 and 2003-04 proposed budget to cover the projected lease costs. The costs associated with the proposed amendment are fully funded by State and Federal funds.

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The monthly rent under the proposed amendment shall be subject to annual Consumer Price Index adjustments capped at four percent. Maximum annual rent in the fifth year will be \$416,264.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DMH has occupied this location since 1974. The term of the most recent lease expired on February 15, 2003. However, the County continues its occupancy pursuant to the Holdover Provision of the subject lease. The Lessor has agreed to allow the County to holdover and exercise its option. The facility will continue to be used by the West Central Family Mental Health Program to serve the community. The lease provides 19,936 gross square feet and 53 parking spaces.

The amended lease also contains the following provisions:

- Five-year option term at the new annual base rent of \$358,848 beginning upon approval of this amendment by the Board and ending five years thereafter.
- County will have the option to renew for an additional five-year period under the same terms and conditions, including rental rate, by giving Lessor 90 days prior written notice.
- County has the right to cancel the lease between the 13th and 18th months, on 90 days prior written notice.
- The County will continue on a split-service basis and will be responsible for exposed plumbing, janitorial services, interior paint and utility services.

CAO Real Estate staff surveyed a five-mile radius within the service area to determine the availability of alternative County locations within the service area that could accommodate this requirement. Attachment B shows all County-owned and leased facilities within the search area for this program and there are no County-owned or leased facilities available for this program.

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Based upon a rental survey of similar properties in the service area, staff has determined that the base rental range, including parking, is between \$12.00 and \$25.00 per square foot per year. Thus, the annual rent of \$358,848 (\$18.00 psf) for the subject property represents a rate within the market range.

The Department of Public Works (DPW) is in the process of conducting a structural review of the property. In the event, the building does not pass the DPW seismic review, and the Lessor elects not to initiate seismic retrofit of the building, the County has the right to cancel the lease as early as the 13th month of the new term. This cancellation will provide the County with ample time to conduct a new and expanded search for a replacement facility to house the department's programs.

The proposed leased premises has no space available to house a child care center.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed amendment exercising the first option to renew is in the best interest of the County. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this lease recommendation.

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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Lease Amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
MMW:hd

Attachments (4)

c: County Counsel
Auditor-Controller
Mental Heath

3751Stocker.b

MENTAL HEALTH DEPARTMENT
3751 STOCKER STREET, LOS ANGELES
 Asset Management Principles Compliance Form¹

1.	Occupancy	Yes	No	N/A
A	Does lease consolidate administrative functions? ² The space primarily houses the direct service programs administrative functions of West Central Family Mental Health Center.		<u>X</u>	
B	Does lease co-locate with other functions to better serve clients? ² No other County program is currently seeking housing accommodations in this area.		<u>X</u>	
C	Does this lease centralize business support functions? ²			<u>X</u>
D	Does this lease meet the guideline of 200 sf of space per person? ² Ratio of 284 sf/ person, however, since approximately 125 to 175 clients are seen per day, the center requires additional space for a waiting area, conference and training rooms.		<u>X</u>	
2.	Capital			
A	Should program be in leased space to maximize State/Federal funding?		<u>X</u>	
B	If not, is this a long term County program?	<u>X</u>		
C	Is it a net County cost (NCC) program? 0.00%		<u>X</u>	
D	If yes to 2 B or C; capital lease or operating lease with an option?		<u>X</u>	
E	If no, are there any <i>suitable</i> County-owned facilities available?		<u>X</u>	
F	If yes, why is lease being recommended over occupancy in County- owned space?			<u>X</u>
G	Is Building Description Report attached as Attachment B?	<u>X</u>		
H	Was build-to-suit or capital project considered? In comparison to a build-to-suit project, the market rent makes this lease a more cost-effective alternative.		<u>X</u>	
3.	Portfolio Management			
A	Did department utilize CAO Space Request Evaluation (SRE)?	<u>X</u>		
B	Was the space need justified?	<u>X</u>		
C	If a renewal lease, was co-location with other County departments considered? (See 1B above)	<u>X</u>		
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? ² The Lessor required that we continue the lease on a split-service basis.		<u>X</u>	
F	Has growth projection been considered in space request?	<u>X</u>		
G	Has the Dept. of Public Works completed seismic review/approval? In the event building does not pass seismic review, lease contains a cancellation provision between the 13th & 18th months. The county will utilize the time to identify and relocate to a replacement facility if necessary.		<u>X</u>	

¹As approved by the Board of Supervisors 11/17/98

²If not, why not?

SPACE SEARCH WITHIN 5-MILE RADIOUS OF 3751 STOCKER STREET, LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAILABLE
4608	PUBLIC LIBRARY -WEST HOLLYWOOD LIBRARY	715 N SAN VICENTE BLVD, WEST HOLLYWOOD (BR P.O. N 90069	5170	4581	OWNED	NONE
5421	BEVERLY HILLS COURTHOUSE	9355 BURTON WAY, BEVERLY HILLS 90210	80566	40892	FINANCED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65871	62577	LEASED	NONE
A532	HEALTH-METROPLEX WILSHIRE BUILDING	3530 WILSHIRE BLVD (AT NORMANDIE), LOS ANGELES 90010	62901	56611	LEASED	NONE
T589	CULVER CITY COURTHOUSE-MODULAR ANNEX	4130 OVERLAND AVE, CULVER CITY 90230	1902	1818	OWNED	NONE
3776	CULVER CITY COURTHOUSE	4130 OVERLAND AVE, CULVER CITY 90230	21568	11543	OWNED	NONE
5708	PUBLIC LIBRARY -JULIAN DIXON LIBRARY	4975 OVERLAND AVE, CULVER CITY 90230	21406	17364	OWNED	NONE
A367	DCFS-HOUSING SVCS/ TRANSITIONA L HSG PRGRM	5721 W SLAUSON AVE, CULVER CITY 90230	3698	3513	LEASED	NONE
A430	ASSESSOR-WEST DISTRICT OFFICE	6120 BRISTOL PKWY FOX HILLS BUSINESS PARK, CULVER CITY 90230	30507	27456	LEASED	NONE
A422	DHS-WEST AREA ENVIRONMENTAL HLTH SVCS	6053 BRISTOL PKWY (PARK PLACE BUSINESS PARK), CULVER CITY 90230-6601	12000	10800	LEASED	NONE
A411	DCFS-GRANDMA'S HOUSE/ ALUMNI DROP-IN CENTER	5601 W SLAUSON AVE, CULVER CITY 90230	5973	5973	LEASED	NONE
A533	DCFS-KINSHIP RESOURCE CENTER #2 NORTH	5035 W SLAUSON AVE, LOS ANGELES 90056	5788	5200	LEASED	NONE
A437	DCFS-REGION II SERVICES - WATERIDGE BUILDING	5100 W GOLDLEAF CIR BUILDING C, LOS ANGELES 90056	52370	46086	LEASED	NONE
1521	LADERA-RECREATION BUILDING/ OFFICE	6027 LADERA PARK AVE, LOS ANGELES 90056	2117	1941	OWNED	NONE
6304	PROBATION-CRENSHAW AREA OFFICE	3606 W EXPOSITION BLVD, LOS ANGELES 90016	19112	14020	OWNED	NONE
C250	DMH-WEST CENTRAL MENTAL HEALTH SERVICES	3751 STOCKER ST, LOS ANGELES 90008	20464	13575	LEASED	NONE
6722	PUBLIC LIBRARY -VIEW PARK LIBRARY	3854 W 54TH ST, LOS ANGELES 90043	6983	6130	OWNED	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE, LOS ANGELES 90037	130000	110500	LEASED	NONE
Y150	DPSS-FORMER EXPOSITION PARK WS DIST OFFICE	3965 S VERMONT AVE, LOS ANGELES 90037	66484	55228	OWNED	55228
5274	AVALON-CARVER SERVICE CENTER	4920 S AVALON BLVD ACROSS STREET FROM SOUTH PARK, LOS ANGELES 90011	26822	16647	OWNED	NONE
0012	PW ROAD-MAINT DISTRICT 3 OFFICE	5530 W 83RD ST, WESTCHESTER 90045	1400	1260	OWNED	NONE
0014	PW ROAD-DIV #233/333/433 OFFICE/ GARAGE	5530 W 83RD ST, WESTCHESTER 90045	5500	4950	OWNED	NONE
0013	PW ROAD-DIV #233/333/433 YARD OFFICE	5530 W 83RD ST, WESTCHESTER 90045	2400	2160	OWNED	NONE
F224	PW FLOOD-83RD ST YARD OFFICE	5520 W 83RD ST, WESTCHESTER 90045	1920	1824	OWNED	NONE
F222	PW FLOOD-83RD ST YARD OFFICE	5520 W 83RD ST, WESTCHESTER 90045	702	632	OWNED	NONE
A240	DCSS-AIRPORT/VENICE A P SERVICES OFFICE	5757 W CENTURY BLVD BUILDING 1, WESTCHESTER 90045	1792	1702	LEASED	NONE
A061	DCFS-REGION VI CENTURY SERVICES OFFICE	5767 W CENTURY BLVD BUILDING 2, LOS ANGELES 90045	27000	20955	LEASED	NONE
A378	DPSS-AIRPORT/WESTSIDE GAIN REGION I OFFICE	5200 W CENTURY BLVD, WESTCHESTER 90045	50147	47640	LEASED	NONE
X301	LOS ANGELES AIRPORT COURTHOUSE	11701 S LA CIENEGA BLVD (PACIFIC CONCOURSE DR), LOS ANGELES 90045	292000	151981	FINANCED	NONE
6330	INGLEWOOD COURTHOUSE	ONE E REGENT ST, INGLEWOOD 90301	210648	82279	OWNED	NONE
3394	INGLEWOOD JUVENILE COURTHOUSE	110 E REGENT ST, INGLEWOOD 90301	21539	12024	OWNED	NONE
0316	PUBLIC LIBRARY -LENNOX LIBRARY	4359 LENNOX BLVD, LENNOX 90304	4657	3679	OWNED	NONE
2527	LENNOX-DIRECTOR'S OFFICE/ COMFORT STATION	10828 S CONDON AVE, LENNOX 90304	623	249	OWNED	NONE
A338	DCFS-REGION VI HAWTHORNE SERVICES OFFICE	11539 S HAWTHORNE BLVD, HAWTHORNE 90250	31832	27057	LEASED	NONE
B520	DPSS-SOUTHWEST FAMILY WS DISTRICT OFFICE	923 E REDONDO BLVD (905-921 REDONDO BLVD), INGLEWOOD 90302	40000	27898	OWNED	NONE

**AMENDMENT NO. 1 TO LEASE NO. 66128
DEPARTMENT OF MENTAL HEALTH
3751 STOCKER STREET, LOS ANGELES**

This Amendment No. 1 to Lease No. 66128 (the "Amendment" or Amendment No. 1") is made and entered into this ____ day of _____, 2003, by and between STOCKER PLAZA ASSOCIATES, a California General Partnership, hereinafter referred to as "Lessor," and the County of Los Angeles, a body corporate and politic, hereinafter referred to as "Lessee."

WITNESSETH

WHEREAS, the parties entered into Lease and Agreement No. 66128 dated June 9, 1992, whereby Lessor leased to Lessee approximately nineteen thousand nine hundred thirty-six (19,936) gross square feet of office space consisting of the entire building located at 3751 Stocker Street, Los Angeles, in the County of Los Angeles, State of California, for an original term of ten (10) years; and

WHEREAS, pursuant to that certain Lease Agreement No. 66128, Paragraph 2.B, Lessee was granted an option to renew this lease for a term of five (5) years; and

WHEREAS, Lessor and Lessee are desirous to amend certain provisions of said Lease as set forth herein.

NOW, THEREFORE, in consideration of the above recitals incorporated herein and made a part hereof and in consideration of the mutual covenants, promises and conditions hereinafter contained, the parties hereby agree to amend the Lease to read as follows:

1. PARAGRAPH 2. TERM: B. Options to Renew: is hereby deleted in its entirety, and its place shall appear the following language:

Lessor agrees to grant to Lessee two (2) options to renew this Lease as follows:

Option No. 1 to Renew: Lessee shall have the option to renew this Lease for a period of five (5) years under the same terms and conditions except that the base rental rate during this option period shall be Twenty Nine Thousand Nine Hundred Four and No/100 Dollars (\$29,904.00) per month; i.e., \$1.50 per square foot. Approval of this Amendment No. 1 shall also be deemed to be an exercise of Option No. 1, upon which the term of the option will commence and shall terminate five years thereafter.

The term of this Option No. 1 shall commence upon the approval of this Amendment by the Board of Supervisors of the County of Los Angeles and end five (5) years thereafter.

Option No. 2 to Renew: Lessee shall have a second Option to Renew this Lease for an additional five (5) year term as extended by the exercise of the first option, under the same terms and conditions including rental rate. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than ninety (90) days prior to expiration of the lease term of Lessee's intention to exercise its option. The actual exercise of Option No. 2 shall be only by the County Board of Supervisors.

2. PARAGRAPH 14. **NOTICES:**, shall be deleted in its entirety, and in its place shall appear the following language:

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

J. D. Vames
Voit Commercial
3500 West Oranewood Avenue
Orange, CA 92868

with a copy to:

John Rhind, C.P.A.
1100 Eighteenth Street
Manhattan Beach, CA 90266-2999

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to :

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd floor
Los Angeles, CA 90012
Attention: Director of Real Estate

3. PARAGRAPH 27. **RENTAL ADJUSTMENT:**, shall be deleted in its entirety, and in its place shall appear the following language:

- A. For each successive twelve (12) months of the first option term of this lease and in the event Lessee exercises its second option the monthly rent of \$29,904.00 shall be subject to adjustment on the first anniversary date of the first full calendar month following the commencement of this lease and every twelve months thereafter, in accordance with the CPI formula set forth in Paragraph 27. The "Base Index" shall be the Index published for the month before the lease commences.
- B. CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100), herein referred to as "Index".

The rental adjustment for the Base Rent shall be calculated by multiplying the Lessor's base rent of \$29,904.00 by a fraction, the numerator being the New Index which is the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index which is the Index published for the month the lease commenced. The formula shall be as follows:

$$\frac{(\text{New Index} \times \$29,904.00 \text{ Base Rent})}{\text{Base Index}} = \text{Monthly Base Rent}$$

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then

upon demand by either party, the matter shall be submitted to arbitration in accordance with Paragraph 22N for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions

1. In no event shall the monthly rent adjustment based upon the CPI formula set forth in Paragraph 27 result in an annual increase greater than four percent (4%) of the monthly base year rent of \$29,904.00. .
 2. In no event shall the month rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the previous year of the lease.
4. Upon execution of this Amendment by the parties hereto, PARAGRAPH 28. **CANCELLATION:**, shall be added to the Lease and shall read as follows:

In the event the building does not meet seismic criteria set by the County Department of Public Works (DPW) for County leased facilities, Lessee shall have the right to cancel this lease between the thirteenth (13th) and eighteenth (18th) months of the first option term by giving Lessor ninety (90) days prior written notice,

Notwithstanding the above, Lessor shall have the right and opportunity to reinforce the building structurally to meet DPW standards for buildings occupied by the County. If Lessor decides to do so, said work shall be performed at Lessor's sole cost and expense, in accordance with plans prepared by Lessor's licensed structural engineer and approved by DPW. The structure reinforcement work shall commence within ninety (90) days from the date of DPW's approval of the seismic work. Commencement of work shall mean the placement of work order and the hiring of a California licensed contractor to perform the work. The Lessor shall pursue said work to completion diligently. If the Lessor does not pursue said work, Lessee may provide Lessor with a fifteen (15) days notice of its intention to pursue said work itself and to deduct all costs associated, including its administrative costs from the installments of rent due to Lessor, or Lessee, at Lessee's sole option, may cancel the Lease.

Notwithstanding anything to the contrary, all other terms and conditions of Lease No. 66128 shall remain in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 to Lease No. 66128 or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of the said Board and attested by the Executive Officer-Clerk of the Board thereof on the day, month, and year first above written.

LESSOR

STOCKER PLAZA ASSOCIATES,
a Limited Liability Company

By _____
J. Demetrius Vames, Member

By _____
Randall S. Johnson, Trustee
for the Juckes Johnson Trust

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of
the Board of Supervisors

LESSEE

COUNTY OF LOS ANGELES

By _____
Deputy:

By _____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____
Deputy: Francis E. Scott
MMW:2/14/03